

## **Draft Report on Presumptive Eligibility for the Kansas Legislature Jan 1, 2007**

The 2006 Kansas Legislature, as outlined in proviso, directed the Kansas Health Policy Authority (KHPA) to prepare a report about the Presumptive Eligibility (PE) program. The proviso specified the following items be addressed in the report: "...to prepare a report to be presented on or before the first day of the 2007 regular session of the legislature to the house committee on appropriations and the senate committee on ways and means regarding the implementation of presumptive eligibility for the Title XIX and XXI programs: *Provided*, That the report shall include a detailed description of the plan for implementation at both the state and provider level, as well as the anticipated number of children served and the cost of providing services under this program."

### **Background**

There are an estimated 40,000 Kansas children who are uninsured and potentially eligible for Kansas Medicaid - Title XIX or the State Children's Health Insurance Program - Title XXI health insurance programs. Together, these programs are referred to as Healthwave. The policy objective of implementing presumptive eligibility through local hospitals and clinics across Kansas is for uninsured children to gain access to ongoing preventive health care services. Additionally, presumptive eligibility allows each health care provider who cares for a presumptively eligible child to be reimbursed for medical services provided at the Medicaid reimbursement rate, instead of having to provide uncompensated care. The goal of presumptive eligibility is to enroll children who are eligible for Title XIX or XXI, but who have not applied and, therefore, are uninsured, and to ensure proper payment to providers for services rendered

### **Presumptive Eligibility Pilot**

**Test sites.** In order to prepare for statewide implementation of the program, a pilot presumptive eligibility process was initiated in three selected sites. A State Plan Amendment (SPA) was submitted to, and approved by the Centers for Medicare and Medicaid Services (CMS) to allow Kansas to perform presumptive eligibility determinations. The state is required to select and provide training to designated entities that are authorized to determine presumptive eligibility. The KHPA chose two counties in which to test presumptive eligibility. The two locations chosen were Children's Mercy Hospital, Kansas City, and Via Christi Medical Center, Wichita. Working in cooperation with Via Christi Medical Center, Grace Medical Evergreen Clinic is participating as a health clinic pilot site.

**Training and eligibility tools.** On site training was provided to staff from each facility about the program. KHPA staff specifically developed both electronic and paper eligibility tools that can be used by designated entities to determine presumptive eligibility. The electronic eligibility tool automatically calculates portions of the application, helping the staff correctly determine the child's eligibility, and can be sent electronically to an e-mail address at the Kansas Medical Services Clearinghouse. The

paper application is manually completed and then may be faxed to the Clearinghouse. KHPA has discovered that pilot sites are only using the paper application tool; as a result, there have been some problems with accuracy in determining presumptive eligibility. In order to make the electronic tool widely available and thereby increasing accuracy, we have determined that the tool should be available as a web based tool. As a web based tool, information on the application could be sent directly to the eligibility system at the Kansas Family Medical Clearinghouse, improving accuracy rates. A policy option to expand eligibility and health and wellness outreach efforts for Medicaid was approved by the KHPA Board and forwarded to the Governor for review. The option includes \$350,000 to design an on-line application and screening tool for potential beneficiaries.

**Number and costs of children served.** Staff at the designated pilot sites were trained in June and July of 2006. The date that the first child was presumptively enrolled in Kansas was July 3, 2006. The following data were collected from July through November 2006:

- 651 children have successfully applied for health insurance coverage through PE
- 531 were determined presumptively eligible for Medicaid - Title XIX coverage
- 120 were determined presumptively eligible for State Children's Health Insurance Program (SCHIP) --Title XXI coverage
- In total, of the 651 children who successfully applied for presumptive eligibility, 163 children were successfully determined eligible for ongoing health insurance coverage in the HealthWave program

The designated entities send the presumptive eligibility applications of children who are approved to the Clearinghouse. They do not send presumptive eligibility applications that are denied. The numbers reflected above are children who have successfully entered presumptive eligibility, and do not include every child or family that completed an application.

**Quality Review.** A thorough quality review of 100% of PE applications submitted from June through August was conducted. Based on the quality review, KHPA estimates that 62% of families with presumptively enrolled children are not completing the HealthWave application process. The number one reason PE cases are closed without continued coverage is failure to obtain the necessary information required to complete the formal HealthWave application. Further study is necessary to ascertain what barriers prevent families from supplying application information. KHPA is providing additional training to the pilot facilities beginning December 13<sup>th</sup> to address the high numbers of children who fail to follow through with the formal application process after the presumptive determination. While the primary focus will be on methods to increase follow up to obtain missing application information, KHPA staff will also discuss using the electronic determination tool to increase the accuracy of determinations.

**Pilot Program Expenditures.** The average monthly cost to provide health care coverage to children during their period of presumptive eligibility from July 1 through

November 30, 2006 is as follows:

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|------------------------------------|----------|
| • Medicaid - Title XIX             | \$41,471 |
| • SCHIP - Title XXI                | \$9,166  |
| • Average cost per child per month | \$ 323   |

Just fewer than 50% of all PE expenditures are related to a small number of high cost claims; specifically inpatient hospital claims, large pharmacy claims, and physician fees. This is because children who enter the program through hospitals are sometimes quite ill and in need of intensive acute care services. KHPA reviewed the inpatient services Diagnosis Related Groups (DRG's) for children who received those services while presumptively eligible from July through October. The review shows the top 4 DRG's for which children were treated and the total accumulated costs associated with each DRG through October:

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|-----------------------------------|----------|
| • Chemotherapy                    | \$35,062 |
| • Major cardiovascular procedures | \$26,741 |
| • Hip and Femur procedures        | \$19,006 |
| • Immune System Disorders         | \$15,504 |

Absent the PE program, these costs would have resulted in uncompensated care at Via Christi and Children's Mercy Hospitals, and at Grace Medical Clinic specifically for children who are determined eligible for Medicaid - Title XXI. For children who are determined eligible for SCHIP - Title XIX, claims may be filed and reimbursement given for services provided up to three months prior to the child's eligibility.

For FY 2007 it is estimated that 950 children will be enrolled as a result of presumptive eligibility. The estimated cost for these children in FY 2007 is expected to be between \$650,000 and \$1,300,000 all funds. For FY 2008, as additional counties are added to presumptive eligibility, it is estimated that 1,200 children will be enrolled as a result of presumptive eligibility. The estimated cost for these children in FY 2008 is expected to be between \$1,000,000 and \$2,000,000 all funds.

As the program is implemented statewide, the KHPA will continue to analyze data to monitor the number of children who are determined presumptively eligible, and the number of families who successfully complete the enrollment process. This will help KHPA better predict future utilization and inform the caseload estimating process. KHPA will monitor which program, either Medicaid -Title XIX or SCHIP - XXI, children are assigned. Claims data will be analyzed to monitor the costs of medical services incurred by children during their period of presumptive eligibility. Analysis of this data will help target gaps in the process and identify any barriers families may experience in accessing services for which their children are eligible.

### **Implementation Plan**

**State level process.** Statewide implementation of presumptive eligibility is scheduled to

begin in April 2007. The KHPA will work in cooperation with the Kansas Association for the Medically Underserved (KAMU) and the Kansas Hospital Association (KHA) to determine a timeline for training and implementation. Presumptive eligibility will be phased in across Kansas. At the provider level, KHPA has identified an initial list of up to 33 Medicaid providers to serve as designated entities (see attached chart). Major acute care centers and health care clinics will be recruited and training will be provided to their staff by KHPA.

**Provider level process.** Trained staff members at each designated entity complete a brief eligibility determination to ascertain if a child is likely to qualify for medical services in the Title XIX or XXI programs. When approved, the determination is forwarded to the Kansas Family Medical Clearinghouse, and the child is eligible for services until the regular HealthWave application is processed. Staff at the pilot sites simultaneously assist the family in completing the HealthWave medical services application. The HealthWave application must be received no later than the last day of the month following the PE determination. When the child is determined eligible for Medicaid services, presumptive eligibility ends, the child is then enrolled in the appropriate HealthWave program, and remains insured for the next twelve months. If the child fails to meet Medicaid eligibility requirements for Title XIX or Title XXI, their presumptive eligibility ends. Providers are reimbursed for services rendered during the child's period of presumptive eligibility. Children may only be designated presumptively eligible once each twelve month period, however, families may apply for HealthWave coverage at any time. Family circumstances frequently change, because the child was not eligible one month, they could qualify for eligibility in a following month.

KHPA has developed training materials that were tested on the program pilots and will be used in statewide training. Selected KHPA staff will travel to each region of the state to provide training to the staff at the facilities chosen as designated entities. A Memorandum of Understanding (MOU) between each designated entity and KHPA will be signed. The MOU will outline KHPA's participation expectations of the designated entity, and what the designated entity can expect from KHPA. On-going technical support and training will be available to designated entities. KHPA staff at the Clearinghouse will monitor enrollment outcomes of each entity. Benchmark standards will be established in order to monitor quality. Based on information learned at the pilot sites, any necessary revisions to the program's policies, procedures, or communications processes will be implemented prior to statewide deployment.

## **Summary**

The policy objective of implementing presumptive eligibility through local hospitals and clinics across Kansas is for uninsured children to gain access to ongoing preventive health care services. There are an estimated 40,000 Kansas children who are uninsured and potentially eligible for Kansas Medicaid - Title XIX or the State Children's Health Insurance Program - Title XXI health insurance programs. Presumptive eligibility allows each health care provider who cares for a presumptively eligible child to be

reimbursed for medical services provided at the Medicaid reimbursement rate, instead of having to provide uncompensated care. Based on the past six months of pilot activities for the presumptive eligibility program in Kansas, KHPA has learned the following:

- Through an early quality review process, KHPA estimates that 38% of families whose children are determined presumptively eligible, complete the formal eligibility process resulting in ongoing coverage in HealthWave for their children.
- The primary reason that children who apply do not go on to full enrollment is the failure to provide information on the HealthWave application in order to complete the formal eligibility determination.
- The majority of families who do follow through with the formal eligibility process become Medicaid - Title XIX eligible.
- Seventy five percent of the families completing presumptive eligibility applications had children who were presumptively eligible for Medicaid - Title XIX coverage while twenty five percent had children who were presumptively eligible for SCHIP - Title XXI coverage.
- The majority of designated entities are using the paper determination tool, rather than the electronic determination tool.
- KHPA has identified some problems with the pilot sites completing the determination tools accurately, and is actively working to correct these problems, and revise the tools and our training process as necessary.
- The primary service costs for those presumptively enrolled are from in-patient hospital services, followed by physician and pharmacy services.

After additional training is provided to the designated entities in December, KHPA staff will conduct a survey of each designated entity. The survey is designed to determine:

- Why designated entities use the paper determination tool rather than the electronic determination tool.
- The amount of time required to complete the PE process by staff at each designated entity.
- Steps to improve the PE process prior to statewide implementation.
- Additional training needs identified by designated entity staff.
- Further identification of the barriers that prevent families from completing the formal determination process.
- The benefits that designated entities have identified due to the PE program.